

FISCAL NOTE

SB 1232 - HB 1240

March 2, 2005

SUMMARY OF BILL: Expands the franchise and excise job tax credit to include businesses that have increased employment by twenty percent (20%) over a two-year period, provided the credit is taken in the tax year the business increased net full-time employment.

ESTIMATED FISCAL IMPACT:

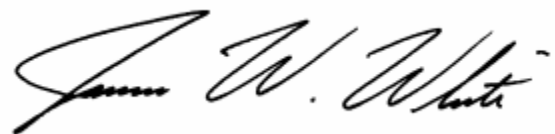
Decrease State Revenues – Exceeds \$100,000 Recurring
Increase State Expenditures - \$58,000 One-Time

Assumptions:

- The general credit amount equals \$2,000 for each new full-time employee job or \$3,000 if the business enterprise is located in a designated economically distressed county. However, this is limited to a certain percentage of total F&E tax liability dependent on the taxpayer's total number of full-time employees at year-end.
- It is difficult to determine a precise fiscal impact for this bill based on unknown factors such as the number of businesses that would be able to grow their employment by 20% over any two-year period and the credit limits imposed on each business based on their year-end full-time employment level. However, we estimate a decrease in state revenues exceeding \$100,000.
- One-time expenditures for computer programming and software upgrades are estimated at \$58,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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